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IX

Social Change

BETWEEN the two World Wars the whole structure of Austrian society was radically transformed. The social pyramid, culminating in the great aristocratic families and the Emperor, began to disintegrate when the Habsburg power collapsed and Austria, from being the centre of a great cosmopolitan Empire, became a poverty-stricken fragment struggling to make ends meet. The process of disintegration was completed by the post-War inflation and the economic crisis of 1930–1. When the Second World War broke out, the most glaring inequalities of the years before 1914, with the glamour and the squalor that accompanied them, had largely disappeared.

During the period of transition a new social order was built up in Austria which was one of the most advanced and enlightened in the world. The origins of Austrian social legislation go back as far as the years 1882–8, when laws were passed regulating labour conditions and introducing compulsory insurance against accident and sickness for certain limited classes of industrial workers. This was followed during the first decade of the present century by measures establishing pensions for salaried employees on a contributory basis. On these foundations, after 1918, a whole series of laws was passed under the influence of Ferdinand Hanusch and Dr. Joseph Resch, the first Austrian Minister of Social Welfare. Subjects covered included unemployment insurance, holidays with pay, the extension of accident and sickness insurance, the eight-hour day, the abolition of night work for women and juveniles and of all work for children, and the introduction of Works Councils and factory inspectors. During the same period Vienna was attracting world attention by its radical improvement of the housing conditions of its workers through the

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construction of great blocks of flats. By 1938 a social revolution had taken place, though it lacked the dramatic and catastrophic features that have made some less successful revolutions more famous.

Under the German occupation Austrian social legislation was replaced by the National-Socialist system. In spite of its authoritarian nature, this system had certain advantages. It included old-age pensions of a kind and much better provisions for agricultural workers. On the other hand, in many respects it was not up to the Austrian standard, and it shared the unreality common to most of the benefits bestowed by Hitler. The total reserves of the Austrian social insurance administration were taken over by the German Government and used for war purposes, so that in 1945, with nothing but worthless German bonds to their credit, the Austrians had to start again from the beginning. Only on the basis of funds provided by the Government was the revived Austrian Ministry of Social Welfare able to make any payments at all.

After 1945 the situation was too critical and the administrative problems too pressing for any restoration of the Austrian system of social insurance to be practicable. The public and the officials concerned were used to the German methods, and it would have been asking for trouble to add in any way that could be avoided to the almost intolerable burden already resting on the authorities. It was therefore decided to replace the authoritarian features of the German system by democratic methods and retain it for the time being. A modernized Austrian system of social legislation was to be introduced step by step, after the necessary preparatory work had been done.

Since the War a series of measures have been approved which have had the effect of filling the gaps in the imposing legislative structure built up after 1918 and of improving it in certain respects. In July 1947 a law was passed which greatly improved the conditions governing paid holidays for workers and brought them close to those applicable to salaried employees. Whereas previously two weeks were the maximum that a worker could obtain, the new law gave him the right to

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the enterprise and its employees. Its participation in management and administration was limited to an advisory role, but, in the event of its advice being disregarded, it could, in the case of larger concerns, appeal to a State Economic Commission to be set up by the Government. The law provided also that the Works Council should be consulted when workers were engaged, transferred, or given notice to leave, and made special provisions protecting the position of members of the Council.

In contrast to these impressive developments, there has been one post-War problem of vital importance which social legislation has failed to settle: the very serious shortage of housing. In Austria it is a problem of great complexity, which political controversy and party prejudice have so far rendered insoluble. The spirit of patriotic co-operation that has on the whole inspired the Coalition has proved inadequate to bridge the gap between Right and Left on this question.

Before 1914 the living conditions of a large number of city-dwellers were miserable and rents were high. This state of affairs led to the great Viennese building programme between the Wars and to the Rent Restrictions Act of 1922. Since the Act was passed, the majority of rents have been low, but Government controls, though sufficient to check private enterprise in building, have not been sufficient to prevent serious injustice. Between 1926 and 1946 the percentage of a tenant's expenditure devoted to rent, in dwellings covered by the Restriction Act, varied between 1·9 and 5·48, and in 1946 was 3·76, compared to over 17 per cent in 1914. On the other hand, there was a chronic shortage of housing, and the lot of tenants differed widely. Some rents were restricted, and some were not. In the case of restricted dwellings, a sub-tenant might have to pay a much higher rent; in some cases far more for a single room than the main tenant paid for the whole flat. From a new tenant a large lump sum might be demanded for the privilege of moving in, or proof required that he was a member of the dominant political party. These injustices were not confined to any one social class, and, in the circumstances,

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●362 it was most unfair that the building of new low-rent flats was heavily subsidized by taxation to which everyone contributed.

Under such uncertain conditions there was a strong tendency for those with good accommodation at a low rent to stay where they were at all costs. People whose place of work changed retained their dwellings at considerable sacrifice in tram-fares and wasted time. Ageing couples and widows remained in flats that were much too large for them, because anything smaller that was available might be more expensive. Such anomalies contributed to making the housing shortage worse.

The extent of the need is shown by the fact that Vienna required between 40,000 and 50,000 new dwellings after the War, in addition to the repairs necessary to the 150,000 that were damaged. The degree of overcrowding in the existing dwellings can be imagined when it is realized that over 73 per cent of them consist of only one room and a small kitchen and that 80 per cent have no separate lavatories.

Since the War large subsidies have been given to housing from public funds and Marshall Aid. But the expenditure has not been economical. Building contractors are not much concerned to keep down costs, when dealing with public authorities. The most substantial achievements, in proportion to the population, have been in Linz and Wiener Neustadt, two of the worst-damaged cities. Yet Austria's actual construction has not compared well with other countries. In 1950, for example, West Germany, in proportion to its population, built over four times as many dwellings as Austria.

The height of the Coalition Government's legislative achievement with regard to housing was the Rent Law and the Housing Law of September 1951, which bear all the marks of an unsatisfactory compromise. Rents were raised substantially, but on conditions that gave no incentive to private building, and substantial housing subsidies were to be provided by employers and the State as compensation.

A solution to the housing problem will not be easy to find. The prerequisites for doing so are clear thinking, political courage, and a willingness to face the issues objectively.

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Neither the present system nor reliance on free enterprise will be sufficient. But the following four principles might provide the basis for a successful policy: that private ownership of dwellings is no worse than any other form of private property, provided it is not abused; that such State controls over rents and housing as are necessary should be impartial, efficient, and complete; that private enterprise, including building societies, can make a valuable contribution to any building programme, and that the allocation of dwellings to the homeless on party grounds is an arbitrary and undemocratic abuse of political power.

Apart from this one failure, which has been tolerated owing to the low rents paid by the majority, the social services provided in post-War Austria have maintained a very high level. According to statistics prepared by the International Labour Organization, on the basis of 1949 figures, Austria devoted a higher percentage of her national income to social purposes than any other country, except the Saar and West Germany, where the high proportion of refugees made conditions exceptional. This state of affairs, together with the Price-Wage Agreements, has been responsible for the peaceful development of the country under the most difficult conditions and for the complete failure of Communism to make progress in a society which between the Wars had been strongly influenced by the doctrines of Marx.

A number of social changes can, however, be observed in post-War Austria, though in some cases it is not yet possible to see whether they are of permanent or temporary significance.

The most obvious of these was the influx of a large number of refugees and displaced persons and the absorption of a proportion of them into Austrian society. The temporary effects of their arrival, during the months immediately following the War, have already been considered. By the end of 1951 UNRRA and the International Refugee Organization, which took over this problem from UNRRA in 1947, had helped more than a million refugees and displaced persons

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town offers. But there were a number of special reasons to which the post-War trend in Austria can be attributed. The comparative neglect of Austrian agriculture by the Nazis and the discriminatory nature of Austrian social legislation, before the Law of 1948 was passed, have already been mentioned. In addition, the accommodation provided for agricultural labourers was most unsatisfactory. On the majority of farms there were no dwellings at all for married workers, and the rooms provided for single men were frequently quite inadequate. Agricultural wages lagged far behind those paid in industry. At the end of 1948 they varied between 127 and 203 per cent above the 1945 level, while the wages of an unskilled industrial worker had risen 350 per cent. It is true that the farm worker had virtually no food problems and also received payments in kind, but the comparison with industry was a natural cause of discontent. Furthermore, the boom in building and construction work due to war damage and the large undertakings financed by ERP funds provided attractive opportunities of alternative employment, often near enough to agricultural areas to attract the labourers' notice.

The Ministry of Agriculture and Forestry realized the danger of the situation and evolved, somewhat tardily, a comprehensive programme to deal with it. The new Minister, Herr Thoma, who took office in January 1952, brought fresh energy to his department and issued a forceful memorandum on the subject the following summer.

The first important step taken was the Agricultural Labourers' Law of 1948. It did a great deal to raise morale and, by strengthening the workers' organization, ensured that their point of view would be heard. The establishment of Agricultural Workers' Chambers in most provinces contributed to the same result. The price increases for agricultural products approved by the Fourth and Fifth Price–Wage Agreements also improved the general situation.

Between 1947 and 1951 Government and ERP subsidies amounting to 55 million schillings were spent on agricultural housing, and 10,371 dwellings were completed, including

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3,013 married quarters. During the summer of 1952 further legislation was under consideration dealing with accommodation and technical training for agricultural workers.

The Ministry[1] also worked on a number of schemes in conjunction with the provinces and the Ministry of Social Welfare for helping displaced persons to settle on farms, inducing unemployed to work on the land, and persuading town-bred youths to give agriculture a trial.

As a result of all these efforts the flight from the land has been checked, though not stopped. Between November 1951 and November 1952 the number employed in agriculture and forestry fell by 6,500 compared with 9,400 the previous year. The fact that during the winter of 1952–3 there was a certain amount of unemployment on the land, due largely to increased mechanization, does not mean that the problem has ceased to be serious. Until agricultural production has at least regained the pre-War level, any further reduction in the number employed must remain a cause of great concern. It is a national problem which, like the drive to increase productivity, requires co-ordinated effort and a programme of public education for its solution.

A less obvious but no less dangerous trend in Austrian society since the War has been the progressive deterioration of the economic position of certain sections of the community, limited in number, but of value and importance to the nation out of all proportion to their numerical strength. The categories in question are university professors, school teachers, the administrative ranks of the civil service, and certain highly qualified groups in industry and the professions. They differ widely from one another, but there are certain common causes of their depressed condition.

The different categories belong, on the whole, to the so-called middle class, with its tradition of thrift and careful conservation of possessions and its deep-seated reluctance to take part in any organized public complaint about its condition. Such private property as they or their families possessed, including personal articles of value, had very largely disappeared

[1] [i.e. the ministry of Agriculture and Forestry - Analyst]

642 On December 3, 1945, a committee of the political parties entrusted Secretary of State Figl with the formation of a government, which the Allied Commission approved on December 18, 1945. On December 20, 1945, a session of the Federal Assembly (Nationalrat and Bundesrat) with a vote of 204 out of 205 elected Dr. Karl Renner to the presidency. He accepted the office for the term of six years.

642, 648 The new federal government as well as the presidency were recognized by notes of the various powers although these notes showed deviations in texts. Thus the first phase of the constitutional reestablishment of the Second Austrian Republic was concluded. The federal government could proceed with the task of solving the most important economic problems.

2. The Situation after the Cessation of Hostilities and the First Economic Reorganization Measures, 1945-1947.

727 The reestablished Second Austrian Republic faced a great economic task. The losses and damages from the war destroyed almost a quarter of the total national capital which had amounted to about 38 billion schillings.

[362] In Vienna alone, 37,000 apartments were completely destroyed and 50,000 partly destroyed, while 25,000 were less severely damaged. Aside from extensive destruction of raw materials was the loss of machinery through dismantlements, especially in the eastern part of the country after 1945, which caused deficiencies in extremely valuable production material amounting to at least 1.2 billion RM (at prices fixed as of 1940). Plants of the electric, vehicle, machine, iron and metal industries, and steel mills lost more than 46,000 machines. This meant that in some instances, the combined loss of the war and postwar period amounted to 80 percent of the [483] machines and equipment. These deficiencies were all the more burdensome since the destruction and the removal of the production means led unavoidably to severe disturbances in the general economic scheme.

[762] Austria also suffered substantial losses in human lives. Out of a population of 7,000,000, the number of dead or missing totalled 350,000 and the wounded 170,000. These losses were mainly from the ranks of the able-bodied age groups (13 percent).

Part of the proposed projects have been completed and remarkable results obtained already. This industry was bolstered greatly by refugees from Czechoslovakia. 323 652

Within the scope of the investment programs 100 million schillings were allotted in 1950 to the erection of general dwelling units. In addition to a sum of 11 million schillings provided out of public funds, 34 million schillings were allocated for erection of workers' dwelling units. (The proposed amount in the three year period for workers' dwelling units was 85 million schillings.) [362]

e) Investments for agriculture and forestry.

Damages caused by the war to this important source of supply (through exhausting the soil, lack of fertilizers and pest control, overcutting, etc.) can be restored only gradually. Because of the increased use of tools of production, financed by ERP funds, it was possible to reach a higher gross production value in the years 1948 and 1949. However, it still lagged behind the volume of industrial production which by 1949 had exceeded the prewar level. The higher production in agriculture in 1948 and 1949 made available bigger supplies of foodstuffs for city dwellers and also made it possible to increase the decimated livestock and improve it. Thus, gaps in supplies of milk, meat and fats could be filled in. [241] [362] [231]

These improved results would not have been impossible without the ERP aid. In the first plan-year, Austria had at its disposal a total of 156 million dollars (or 57 per cent of the total amount of the ERP aid) to increase the production in agriculture, small business and industry. A sum of 18.7 million dollars was allotted to agriculture and supplied 139,000 tons of fodder, 189,000 tons of fertilizers, 4,200 tons of seeds, as well as agricultural machinery and veterinary supplies amounting to 1.1 million dollars. In the second year of the plan agriculture and forestry received approximately 25 million dollars for the import of tractors, caterpillars, threshing machines, reapers, motorized plows, disk harrows, replacement parts, milk separators, and machinery for soil treatment (and also to finance means of conveyance and facilities for forestry). [648]

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One of the few good results of the First World War was that it taught people to appreciate the value of a healthy body. Sport became a popular demand of the masses, which the municipal administration did its best to satisfy. The establishment of the Stadium and many sports grounds and youth playgrounds, of the Amalia Baths and many summer swimming pools, the extension of existing municipal peoples' baths and the construction of 23 children's free open air bathing pools all served to popularise sport among the masses of the people and improved the health of the population of Vienna.

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The Tenants' Protection Law, born of war-time necessity, put a brake on private building enterprise after the First World War as it does today. As general economic conditions made it unthinkable that this law should be abolished and the old system restored whereby there was no limit put on the rents which landlords could demand, though at the same time the shocking housing conditions in Vienna called imperatively for sweeping and effective measures, the Vienna Municipality saw itself obliged firstly to raise funds to complete the housing schemes which had been dropped during the war. Secondly, it had to adopt a positive building policy of its own. On September 21st, 1923, its housing programme was adopted, the Vienna City Council deciding that it should be financed from municipal funds. Over a period of five years, 25,000 homes were to be built for the public. This programme was not only completed, but was followed by further great building projects, so that by the year 1934, about 65,000 homes had been built by the municipality, either in blocks of flats or in groups of small houses. This gigantic scheme was covered in part by the steeply and progressively scaled house-building tax.

The Vienna Municipality considered its building activities as a welfare measure to which it was compelled by existing social and economic conditions. It therefore treated the whole cost of construction as irrecoverable building investment which must be regarded as capital expenditure. Rents were fixed to cover the costs of maintenance and anticipated repairs and replacements, thus keeping them within the range of the Tenants' Protection Law rents.

House planning was developed by the Vienna Municipality in accordance with entirely new principles of hygiene and cultural progress. The building regulations in force in Vienna since the year 1883 permitted actual buildings to cover eighty-five per cent of the available surface, but the Vienna municipality only allowed 30 to

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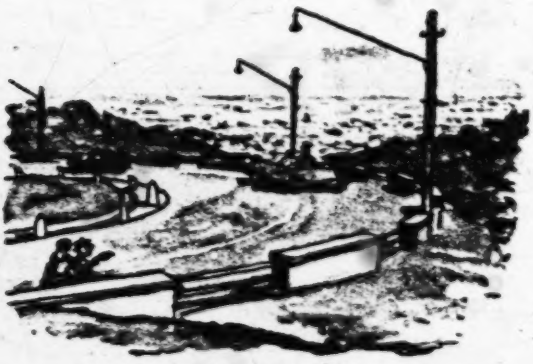
Reumann-Hof

362 40 per cent of the surface to be covered by bricks and mortar. This led to the construction of large housing blocks enclosing wide spaces which allow direct light to reach every flat and every room. The interiors of the first flats were very simple; with the improvement of the economic and financial position of the Municipality, those subsequently constructed had more comfort and elegance. Every flat has parquet flooring, hall, lavatory, attic and cellar, water, gas and electric light. Many flats have balconies or bay windows and in the bigger housing blocks the work of the housewives is made easier by central washing kitchens fitted with mechanical devices. Baths, douches, libraries and lecture rooms, gymnasiums, kindergartens and other communal conveniences serve the mental and physical wellbeing of all occupants. The architects of this period employed all their talents to make the blocks of flats of the Vienna Municipality as beautiful and as practical as possible, flats in which a quarter of a million people have found homes. Most of these buildings are real gems which improve the appearance of Vienna and have helped to increase the city's reputation throughout the whole world. The Municipality itself has done its share in beautifying the flats by employing artists of all kinds to work on them. So arose those imposing municipal house-blocks in various districts of Vienna—above all in Meidling, Ottakring, Favoriten, Brigittenau and on the Margaretengürtel, each of which comprises from 400 to 1600 flats. They are fitted out with every possible device to add to the comfort of tenants. In addition, more than 5000 homes have been constructed on the outskirts of the city in villa groups, partly at the sole cost of the Municipality, partly as co-operative settlements with financial assistance from the municipal authorities. Large fruit and vegetable gardens are attached, and often sheds for small live-stock.

The building activities of Vienna Municipality have opened up completely new fields, both from the standpoint of commercial policy as from that of architecture. The principles put into practice by their own building achievements the city fathers



Kahlenberg: The Höhenstrasse.

legally embodied in the new building regulations of 1930. These put an end to the traditional construction for profit of tenement barracks with kitchens opening only on to an interior corridor, so-called "light-shafts" and back blocks. Since then, Vienna's housing principles have been adopted by many countries. They served as a model for the great building programme of the British Government, and have even influenced projects for the building of millions of flats in the United States.

A radical change has also taken place in the administration of the public utility services of the Municipality. The principle that costs only should be covered was introduced—i. e. the monopoly undertakings have to be self-supporting without trying to earn a profit for the municipal exchequer. In this way every improvement, every reduction of costs is a direct gain to the consumer—the Vienna public as a whole. At the same time extensive modernisations of all these undertakings were carried out. The Vienna gasworks were transformed into a great chemical factory which was enabled through its by-products to play an important rôle in the country's economy. The municipal electricity works were provided with new machinery and water-power plants were constructed. Gas and electric light became so cheap in this way that it was possible to introduce them to almost every Vienna household.

With these great innovations in the service of the masses (which made heavy demands on municipal finances), the position of municipal employees was put on an entirely fresh basis. Not only were working conditions improved for all

READJUSTMENT AND CONSOLIDATION

Vienna still had an important economic contribution to make to the country and to the world. Its unique geographic position at Europe's crossroads again attracted a large and growing volume of transit trade which helped to keep the commercial life of the city at a high level. Again, the long-standing knowledge which the Viennese financial institutions had acquired of the Balkan markets gave rise to economic activities and payments from foreign countries which helped to improve the balance of payments. Of still greater importance was the increased activity in the consumer goods and export industries to which Vienna, the main centre of the lighter industries, was particularly well suited. The introduction of a biennial fair made Vienna the main centre of the country's export trade and an important factor in Central and east European trade.

Last, but not least, the economic activities of the Viennese City Council helped considerably to re-establish and stimulate the economic life of the capital.[1] A skilful financial policy had enabled the municipality to avoid a deficit even during the difficult post-war and inflationary years. Now that the position had become easier they embarked on a progressive programme of expenditure on social welfare, educational reform, and—most important from the economic point of view—on an extensive building programme. Building activity had practically come to a standstill during and after the war and the housing shortage was acute. Private building was discouraged by a strict Rent Restriction Act which protected the population from the wild profiteering in rents that would have otherwise occurred. In 1923 the municipality, which had already built 7,259 dwellings between 1919 and 1923, announced that they would build 25,000 new dwellings during the next five years. This was the

1 [CA CATEGORY 116, P.58. -- ANALYST]

beginning of a great housing programme which replaced slums by beautiful modern houses and attracted the attention of experts from all over the world, and which revived the building trades and with it, a great number of related industries in Vienna and the rest of the country.

CONSOLIDATION

Once the currency was stabilized and more normal conditions established, the upward trend in industrial and agricultural production became more marked as well as more general. It now seemed as if the earlier economic problems of Austria would soon find their solution and that a sound basis for a new national economy would be formed. And this would have doubtless been true if the process of consolidation of that period had not come to an abrupt end in the world economic depression.

For progress was quite considerable. Industrial production increased quickly and at a rate which compares not unfavourably with development in other countries during the same period.

INDICES OF INDUSTRIAL PRODUCTION

(Average 1925–9 = 100)

	Austria	Germany	Czecho-slovakia	United Kingdom
1925	89	87	88	99
1926	89	87	86	76
1927	100	109	100	109
1928	110	108	111	104
1929	113	109	115	112

Two points should, however, be noted in this connection. Firstly, the increase in output was achieved not so much